

Mr. Ralph Beedle, Senior Vice President  
and Chief Nuclear Officer  
Nuclear Energy Institute  
Suite 400  
1776 I Street, NW  
Washington, DC 20006-3708

SUBJECT: RISK-INFORMED PART 50 PILOT PROGRAM

Dear Mr. Beedle:

As directed by the Commission in the Staff Requirements Memorandum (SRM) for SECY-98-300, the NRC staff has initiated efforts to implement risk-informed changes to 10 CFR Part 50. A portion of this effort is directed toward development of an alternative to using the existing term "safety-related" and similar terms to define the scope of systems, structures, and components subjected to special treatment requirements such as environmental qualification. The SRM for SECY-98-300 directed the staff to work with the industry via a pilot program where plant-specific exemptions will be used to assist the staff in the development of changes to 10 CFR 50 with the intent of reducing unnecessary regulatory burden, while maintaining safety.

We believe that the pilot plant program is an essential component of the risk-informed rulemaking process which will address the viability of proposed requirements and implementation guidance for a risk-informed scope of Part 50 special treatment rules. The program should also assist us in identifying industry interest in specific risk-informed alternatives to current requirements. This letter provides our initial thoughts on the role of the pilot program in this rulemaking effort, and reflects consideration of comments included in a September 9, 1999 letter from Mr. Stephen D. Floyd of your staff.

The South Texas Project Nuclear Operating Company has already submitted an extensive exemption request proposing that the scope of a number of special treatment rules be modified. This submittal was developed before the initiation of the current rulemaking effort, and so was not coordinated with the development of that rulemaking plan. Presently, we expect to complete review of this submittal prior to issuance of the proposed rule. Therefore, we believe the South Texas exemption request serves as a proof-of-concept prototype which will provide useful information and experience as we develop our rulemaking package. However, we consider the South Texas submittal to be distinct from other pilot program submittals that will address the acceptability of the proposed rule changes and implementing guidance.

We have identified several issues which should be addressed by the pilot plant program. First, we believe that the most important aspect of this program will be to determine the viability of a risk categorization methodology which can be used by licensees to implement the risk-informed alternative rules. This categorization process must be considered against the set of rules it is applied to in order to ensure critical attributes are appropriately evaluated. The categorization should also be applied to a variety of plant systems, including mechanical, fluid, and electrical systems, and safety-related and nonsafety-related systems, so that technical aspects of the

categorization and its implementation in specific rules can be thoroughly exercised. The scope of rules modified may be affected by the scope of systems evaluated under the pilot program if we are unable to assess the impact of specific rule changes.

Pilot program submittals should also address how design basis functions will be preserved when treatment for safety-related components is modified as a result of the risk categorization process. The discussion should address issues such as how these components will be treated by the licensee's design control and corrective action programs. Similarly, licensees should discuss how important functions of nonsafety-related components that are found to be safety-significant will be identified and controlled. The processes established should be capable of reflecting changes to the facility, and categorizing new and modified equipment as these changes are made.

The pilot plant program must be integrated with the rulemaking plan, including agreement on overall and plant-specific schedules. Pilot program participants will need to meet the proposed rulemaking requirements and proposed NEI guidance for categorization and implementation. Our preliminary schedule was provided to you in a public meeting on August 26, 1999. Our current schedule assumes these milestones will be fulfilled by NEI and the pilot plant licensees:

1. Draft NEI guidelines submitted for NRC review - December 31, 1999
2. Licensees commit to pilot program participation, including plant-specific scope and submittal schedules - January 2, 2000
3. Pilot plants complete their risk ranking categorization efforts - January 2001

Pilot program participants should identify candidate rules for exemptions and subsequent rulemaking. The staff believes that all rules to be revised must be identified at an early date so that categorization and other rule-specific issues can be identified and resolved before requirements for the majority of facilities are finalized. Also, the staff does not wish to expend resources on rule changes if there is not significant industry interest in revising a given requirement. The set of rules considered should allow licensees implementing these changes to do so without additional exemptions. Therefore, conforming changes to rules such as 10 CFR 50.59 must also be incorporated into the rulemaking effort.

We expect to have frequent interaction with each pilot program participant. Public meetings and workshops could begin as soon as pilot plants are identified. On-site visits to evaluate licensee implementation are projected to begin around November 2000. In the course of these discussions, we anticipate that there could be some adjustment of a participant's evaluations and equipment scope so that expected rule changes can be properly evaluated.

As an incentive to licensees contemplating participation, the NRC will waive review fees for evaluation of licensing actions processed as part of the pilot program, including South Texas. An additional benefit to pilot program participants will be the opportunity for early implementation of a risk-informed regulatory framework.

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We believe that the pilot program guidelines outlined above are consistent with the discussion in Mr. Floyd's September 9, 1999 letter. We would appreciate any insights and comments you may have on the proposed schedule and pilot program content and goals. The RIP 50 team member responsible for coordination of the pilot program with the rulemaking activities is Joe Williams, who can be reached at (301)415-1470.

Sincerely,

Samuel J. Collins, Director  
Office of Nuclear Reactor Regulation